STATINTL

NEW YORK TIMES
28 September 1984

MONDALE CHARGES REAGAN IS EVADING BLAME IN BOMBING

Carter and Former Leaders of C.I.A. Assail President as Wrong on Intelligence

By HEDRICK SMITH
Special to The New York Times

WASHINGTON, Sept. 27 — Walter F. Mondale accused President Reagan today of an "inexcusable" attempt to shift the blame for last week's bombing of the American Embassy in Beirut. Earlier, the White House sought to soften Mr. Reagan's implication that the fault lay with the "near destruction of our intelligence capability" before his Administration took office.

At a news conference after his meeting in New York City with Andrei A. Gromyko, the Soviet Foreign Minister, Mr. Mondale asserted that Mr. Reagan should quit trying to pass on the blame for the incident.

"The latest statement by the President is inexcusable," Mr. Mondale said. "He should stand up and say he is responsible. By saying the C.I.A. is weak, he encourages terrorists and our enemies around the world to believe that we don't have an effective intelligence capacity, when we do."

It was one of Mr. Mondale's most blistering criticisms of the President.

Reagan Charges Distortion

In Washington, Mr. Reagan complained to reporters about "the way you distorted my remarks about the C.I.A."

The White House spokesman, Larry Speakes, said the President was referring to "reports in the media putting the blame entirely on the Carter Administration." Several reporters said they had based their articles Wednesday on guidance from Reagan White House officials.

But today Mr. Speakes said the President had been talking about "a decade-long trend and a climate in Congress" in which "human intelligence had been weakened considerably."

Rebuttal on Intelligence Cuts

He added that the President had not meant that this trend had led specifically to the bombing, although Mr. Reagan's comments had come in answer to a specific question about that incident. Two Americans and an unknown number of Lebanese died.

More broadly, several former senior intelligence officials said the cutback in overseas intelligence agents began in 1967, long before the Carter Administration. It was carried out, they said, under Presidents Johnson, Nixon, Ford and Carter, and by 1978, the Carter White House had reversed the trend and was pushing for increases in intelligence funds.

Moreover, several officials said, there had been no intelligence failure before the Beirut bombing because warnings from terrorist groups about such an attack had been made public.

Former President Jimmy Carter, saying he had previously restrained himself in the face of "a stream of false assertions" by President Reagan, issued an unusually strong statement. It charged that Mr. Reagan's "claim yesterday that his predecessors are responsible for the repeated terrorist bombings of Americans is personally insulting and too gross in its implications to ignore."

"He only has to question his own Administration officials to determine that his statement was also completely false," Mr. Carter added. "This series of tragedies in the Middle East has been brought about by the President's own deeply flawed policy and inadequate security precautions in the face of proven danger.

"His frivolous reference to tardy kitchen repairs is indicative of his refusal to face the reality of his own responsibility," Mr. Carter went on, alluding to Mr. Reagan's likening of constructing security barriers to getting a kitchen remodeled on schedule. "Mr. Reagan should apologize for these misleading statements," Mr. Carter asserted.

Mondale Sees a Divisive Move

Mr. Mondale said it was wrong for Mr. Reagan to suggest any division between the two major political parties on the need for a strong Central Intelligence Agency and to imply that he had inherited a weakened intelligence network.

Mr. Reagan's comment came in response to a student's question about the Beirut bombing at a campaign stop at Bowling Green State University in Ohio Wednesday. As he had said previously, Mr. Reagan observed that no security "can make you 100 percent safe" and "an embassy is not a bunker."

Then he tu_
"the real prot_
feeling the eff_
struction of ot_
in recent year_
the effort tha_
spying is som_
get rid of our_
we did that t(

Seeking t_
"Your big_
we're trying,_
to where you'_
vance what tl_
prepared for it."

Campaigning in Saginaw, Mich., Vice President Bush, who was a Director of Central Intelligence in 1976, said today that it would be wrong to interpret Mr. Reagan's comments as laying the blame for the Beirut bombing on the Carter Administration.

"But I do believe there were cuts made in the intelligence business that were inappropriate," Mr. Bush went on. "Laying off a lot of people and thus curtailing a lot of our sources on intelligence was not good for the overall intelligence community, and I think that's what the President's trying to say."

Former intelligence directors as well as Democratic politicians took issue with Mr. Bush's implication that this began with the Carter Administration. William E. Colby, who served in a Republican Administration as Director of Central Intelligence from September 1974 to January 1976, also called Mr. Reagan "mistaken on two counts."

"The first is that we began to reduce the size of the agency in 1967," Mr. Colby said. There was a gradual decline in numbers because there was a decline in covert action, in operations that try to influence other countries and a shift to intelligence collection and analysis, he said.

"The second is that the problem in Beirut was not a failure of intelligence but a problem of putting in proper security, Mr. Colby added. Mr. Speakes said that was the burden of a report given the President today by Robert Oakley, the State Department's top specialist on terrorism.

Other senior former intelligence officials said Richard Helms and James R. Schlesinger, the Directors of Central Intelligence under Presidents Johnson and Nixon, had eliminated 1,000 to 1,500 overseas agents under a deliberate plan to scale down the agency as American involvement in Vietnam and Southeast Asia was phased out.

Senate investigations of the agency in the mid-1970's led to disclosures of assassination plots, drug experimentation with unwitting human subjects, surveillance of Americans and a string of other abuses that hastened the agency's shift away from agents to increasingly sophisticated satellite, electronic and photographic intelligence-gather-

Fortress America

Retired Adm. Bobby R. Inman, who heads an 18-member electronics consortium formed to fend off Japanese inroads into their businesses, told a breakfast at the National Press Club that he was stung by press reports that his consortium was lagging and off to a rocky start. He said there are proprietary rights problems in the Microelectronics and Computer Technology Corp. and shareholder quarrels were expected, but they are the least of his management problems. More important, he said the defense research cycle from startup to the export marketplace is now 12-13 years and that must be halved if U. S. products are to survive internationally. As for technology transfer, the former Central Intelligence Agency deputy director told the group: "The reality is that you don't lock up technology in the U. S. alone. . . . A Fortress America will become a supplier of last resort."   —Washington Staff

Pentagon procedures questioned

By Vernon A. Guidry, Jr.
Washington Bureau of The Sun

WASHINGTON — Bobby Ray Inman, the retired admiral who gained unusual respect from Congress for his work as one of the nation's chief intelligence officials, called yesterday for "a fundamental change" in the way the Pentagon buys its weapons and other items.

Admiral Inman said a "new Hoover commission" is needed to reform the military procurement process. The chief aim, he said at a computer conference here, should be to cut in half the time it takes from conception to production of a weapon. That period can now be eight to 12 years.

The commission to which he referred was headed by former President Herbert Hoover. In 1949 it made a series of sweeping recommendations for the reorganization of government, many of which were enacted. A second "Hoover commission" made further, if less sweeping, recommendations in 1955.

Admiral Inman was head of the National Security Agency, the nation's electronic eavesdropping operation, and was a deputy director of the Central Intelligence Agency.

He now heads a research consortium, Microelectronics and Computer Technology Corporation.

He said the "annual tinkering" with the procurement process, prompted by current headlines such as those on spare-parts prices, is not enough.

He said one of his greatest frustrations while in government was his inability to reward good performance by defense contactors in a system that favors the low bidder despite poor performance.

Elsewhere in Washington, a watchdog organization, the Project on Military Procurement, reported that the Pentagon continues to pay large markups for at least some spare parts despite changes instituted by the Defense Department.

The organization said its research had turned up parts for the C-5 and C-141 cargo planes going at rates undiminished by the program to reduce prices.

In one instance, the project said, a metal crew member's chair with foam padding and a vinyl cover currently costs $13,905, compared to $12,394 in 1980.

Growing Pains

Austin, Texas, Keeps Courting High Tech, Irking Some Residents

They Fear City's Expansion Will Alter Its Character, Making It Like Houston

Strong Economy Is Forecast

By David Stipp
Staff Reporter of THE WALL STREET JOURNAL

AUSTIN, Texas—Moses Vasquez recently agreed to sell his small downtown restaurant here for $1.6 million, but he isn't very happy about it.

His Tamale House prospered at its corner location a few blocks from the state capitol for 24 years, and to many of his customers, its low-priced tacos and tamales symbolize the city's unassuming but savory ambiance. "You can still eat here if you have 50 cents," Mr. Vasquez says proudly.

Though still operating, the restaurant is due to be razed to make way for a 22-story office building. Mr. Vasquez says he resisted pressures to sell his prime location for years, but when offered 20 times what he paid for it in 1969, his resistance melted.

Mr. Vasquez's reluctance to give up his building despite a hefty profit is a typical symptom of Austin's current problems. Though long a fast-growing Sun Belt city, Austin suddenly became a boom town last year after Microelectronics & Computer Technology Corp., a much-publicized consortium of high-tech concerns, chose Austin as its headquarters over 56 competing cities. By some measures, Austin now is the fastest-growing city in the country. Its population has increased from 250,000 in 1970 to about 400,000 now and is expected to surge to one million by the year 2000. And a high-stakes construction game, which already has transformed the city, has accelerated.

*   *   *   *   *   *   *   *

That goal seems almost assured for Austin, which has all the right stuff to be a high-tech mecca. The state's oil money and absence of personal and corporate income taxes provide an attractive business climate. Austin already has a base of high-tech manufacturing to serve as an incubator for growth; operating here now are sizable divisions of International Business Machines Corp., Texas Instruments Inc. and Motorola Inc. as well as home-grown companies such as Tracor Inc., a technology products and services concern. And the University of Texas is fast becoming a center for computer and electronics research. Since 1980, it has added some 660 endowed faculty positions, mostly in high-tech-related disciplines, by means of private donations and its $2 billion oil-funded endowment.

Despite Austin's potential, its high-tech dreams were still far-off goals until Microelectronics & Computer Technology, headed by retired admiral and former CIA deputy director Bobby Inman, waved its magic wand over the city. With participants such as Control Data Corp., Honeywell Inc. and RCA Corp., the consortium, which is still called MCC in reference to an earlier name, validated the city as the capital of "Silicon Prairie." Partly because of MCC's decision, Chase Econometrics, a forecasting service, predicted that Austin's employment and personal-income levels will rise faster than those of any other U.S. city through the early 1990s.

"The general view was that it would be hard to attract high-tech types to Austin," says Mr. Inman, a Texas native who graduated from the University of Texas in 1950. "But after all the publicity about MCC, our success rate in getting those we've made job offers to is better than 90%. There's no longer any question about being able to draw first-rate talent to Austin."

Tough Competition

Austin business leaders say that despite MCC's publicity value, the prestigious consortium by itself can't attract the critical mass of technology-related businesses required for Austin's high-tech growth to become self-sustaining. Mr. Myers, the urban-planning professor, notes that in one "highly regarded" study comparing desirable places to live in the U.S., Austin ranked only 107th out of 277. Despite the attractions that brought MCC to Austin, he says, the city's quality of life could be its Achilles' heel in the technology race when compared with the allurements of places such as Colorado, Florida and California. "Our hills aren't quite as spectacular as Yosemite, and we don't have an ocean," remarks Smoot Carl-Mitchell, who recently headed a group appointed by Austin's city council to study industrial recruitment.

*   *   *   *   *   *   *   *

EXCERPTED

REUTERS
11 September 1984

TECHNOLOGY
BY CHARLES ALDINGER
WASHINGTON

STATINTL

Former CIA Deputy Director Bobby Inman today questioned the U.S. crackdown on technology exports and said the nation must be more willing to share military and commercial innovations with its allies.

"I'm increasingly worried ... that we aren't recognizing the reality of our age: that you don't lock up technology in the United States alone," the retired Navy admiral told a conference on defense computers.

He agreed with the administration's desire to keep potential military technology out of the hands of the Soviet Union but suggested that too much zeal in that direction could harm America's relations with its allies.

"The ability to create exists in Japan and Western Europe ... and if you try to do it in a 'fortress U.S.-only' approach, you will end up damaging the potential of compatibility of military alliances," he said.

Inman, who served as director of the National Security Council (NSC) and deputy director of the Central Intelligence Agency from 1977 to 1981, now heads a joint research company formed by a number of major corporations.

He said the federal government must increase its support of research into technology in the private and military sectors and help cut the time it takes to translate new military discoveries into useful commercial products.

That time gap has now reached 12 or 13 years in some cases, he said.

If Washington becomes increasingly reluctant to share technological advances with its allies, "that could lead to a point where the U.S. is a supplier of last resort," Inman warned.

"With all great respect for my military colleagues ... basic conservatism may not serve our long-term economic and defense needs," he said in answer to a question.

The United States and other members of the Coordinating Committee for Multilateral Export Controls (CoCom) agreed in July to tighten controls over exports of computers and other high-technology items to Warsaw Pact countries.

But some partners to the agreement are already voicing dissatisfaction with the deal for economic reasons.

CoCom includes the United States, 13 other North Atlantic Treaty Organization (NATO) members and Japan.

In behind-the-scenes diplomacy, Washington is currently trying to persuade a number of Asian countries to take part in the technology ban.

But Defense Department sources have said Taiwan, South Korea, Singapore, Hong Kong and others in Asia where technology is a major industry may be reluctant to enter into any agreement which might cut out important commercial markets.